

Business / Business Unit	Downstream / Manufacturing
Location(s)	Puget Sound Refinery
Audit Type	Process Safety Management / Risk Management Plan Regulatory Compliance Audit
Audit Sponsor	Farid, Aamir SDIUS-DMW
Auditee	Krienen, Susan G SOPUS-DMW/4
Auditee Liaison	Clasen, Rich L SOPUS-DMW/465
Audit Coordinator	Shanahan, Dawn M SOPUS-DMW/463
Lead Auditor	Flack, Danny C SEPCO-UAS/S/A
Associate Auditor(s)	Mueller, Tina R SDPR-DMG/122
	McNally, Michael A SCC-DMG/335
	McCaslin, Bradd D MOTIVA-DMM/756
Observer	Dupre, Daniel J SEPCO-UAS/S/A
Peer Reviewer	Van Cleve, Amy K SEPCO-UAS/S/A
Legal Reviewer	Hay, Elizabeth L SHLOIL-LSA/RR
Start Date	6 JUN 2011
End Date	10 JUN 2011

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AM 8/14/15

Objective

The objective of the Regulatory Compliance Audit is to determine the compliance status of the audited entity to applicable federal, state and local HSE regulations. This process will assure the business leadership and the Shell US Country Chair that an effective HSE compliance program is in place for the activities covered.

Scope

The scope of the audit is the facility identified above, including all activities under the operational control of the auditee for this location and interfaces with other business activities, contractors and projects.

As described in the methodology below, the audit may not cover every aspect of the facility operations, but a representative sampling of locations will be agreed to upon by the audit liaison and the Lead Auditor prior to the start of the assessment.

No activities or locations have been excluded from the scope.

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Standards

The audit will be carried out against the following, where applicable to the facility:

- Process Safety Management (PSM) regulations / Washington State OSHA PSM [WAC 296-67],

- Risk Management Plan (RMP) regulations / 40 CFR 63
- Facility specific standards, procedures, and completion of associated records and forms related to PSM and/or RMP.

Methodology

The methodology will be to:

- Review the facility procedures and documents related to the subject compliance areas.
- Review applicable documentation
- Visit a selection of worksites
- Interview a representative cross-section of staff and contractors
- Pictures may be taken during the field work (permit will be obtained as required)
- Items will not be rated or risk ranked.

The audit team may use regulatory compliance checklists for this compliance audit.

The location will have all documentation required by regulations or by Company policy readily available (an original document/record provided to the reviewer immediately – within 1 day or day before final audit day whichever is sooner).

Towards the end of each day (not including last day of the audit), at least one representative from the facility and the Lead Auditor will debrief on progress of the audit. The debriefing will alert the business unit of potential findings or emerging issues, including areas where insufficient information has been provided to determine a compliance position.

To facilitate the efficient and effective execution of the compliance review, the following items must be provided:

- A short meeting to orient the audit team to the facility HSSE policies, procedures and systems for compliance will be held as part of the Opening Presentation.
- The site will identify a facility subject matter expert (SME) or focal point for each HSSE regulatory program.
- The Audit Coordinator will work with the Lead Auditor to schedule the interviews, site visits and documentation requests for the CR.
- The site will readily have available required documents or records for compliance purposes when requested by the CR team. Any information or data that is not available prior to the CR Closing Presentation may be considered as evidence of non-compliance with a regulatory requirement.

The Auditee is responsible for securing Audit Privilege. If items are observed during the audit that needs to be handled in a confidential and privileged manner, such as pursuant to the Attorney Client Privilege, the Lead Auditor is responsible for managing the communication with Shell Legal. Also, the business unit may want to self-report a finding under the applicable federal or state self-audit privilege. In such instances, immediate involvement from the Legal Department is crucial.

Schedule

The audit schedule will be:

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Date	Location	Activities
6 JUN 2011	Puget Sound Refinery	Opening meeting, site safety orientation, data collection (interviews, records review, field walks)
7 JUN 2011	Puget Sound Refinery	Data collection (interviews, records review, field walks)
8 JUN 2011	Puget Sound Refinery	Data collection (interviews, records review, field walks)
9 JUN 2011	Puget Sound Refinery	Data collection ends (mid-day), begin report writing
10 JUN 2011	Puget Sound Refinery	No surprises meeting, closing meeting (afternoon), team departure

Audit Report

Detailed findings will be provided in the audit report and will contain the following elements:

- Finding Number
- Finding Statement
- Observations
- Compliance Category (for trending)
- Requirement Reference

A presentation of the interim audit results will be made to the Auditee prior to departure of the audit team. The Auditee is responsible for determining the attendance at the closing meeting.

After the audit closing presentation, the draft Audit Report (v. 1) will undergo peer reviews and quality checks concurrent with Legal review. Within seven days of the audit conclusion, the Lead Auditor shall send a draft copy (v. 2) of the Audit Report to the audit team and the Auditee¹. The Auditee will have 14 calendar days from the distribution date to produce compelling evidence to dispute any finding documented in the draft report.² The Lead Auditor will review the comments and will request clarification if required to obtain concurrence on the report content.

When substantial agreement has been reached on the report content, the report will become Final. If agreement cannot be reached between the Lead Auditor and the Auditee, the Lead Auditor, Auditee, the US HSE Assurance Manager and Business HSE Manager will discuss and agree to a forward plan to resolve the issue. If resolution is not achieved at this meeting, the Lead Auditor has final approval for the report. In such case, the Auditee has the right to insert a management comment to provide the Auditee point of view.

¹ The Auditee may distribute working copies of the draft report within the audited entity for review and comment as necessary, including distribution to supporting resources within the organization. The Auditee is responsible for compilation and resolution of all comments from the Auditee perspective prior to submittal to the Lead Auditor. The Audit Liaison may serve as the Auditee representative during the review process.

² If additional time is needed by the Auditee or Legal to conduct the draft reviews, an email request should be made to the Lead Auditor.

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Report Distribution

The final reports will be sent by the Lead Auditor to the Auditee. The final reports will be electronically distributed to:

Audit Sponsor	Farid, Aamir SDIUS-DMW
Auditee	Krienen, Susan G SOPUS-DMW/4
Business HSE Manager	Gallagher, Michael P SOPUS-DMH/8
Business Assurance Coordinator	Gallant, Allan D SDIUS-DSH/B
US HSE Assurance Manager	Galloway, Doyle R SEPCO-UAS/S/A

Audit Follow-up

Once the audit report is issued, the Auditee will enter the assessment findings into Fountain Assurance. Once entered, the Auditee will develop corrective actions for all Findings, including assignment of the Responsible Party and the expected due date.

The Auditee is responsible for tracking the action items to completion, including verification that the corrective actions were completed in a thorough and sustainable manner.

The Downstream Assurance Manager is responsible for addressing any overdue corrective actions as part of the Management Review process.

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